

## Iowa League of Cities

November 9, 2009 Public Retirement Systems Committee

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*Benefits Advisory Committee*

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On behalf of the nearly 900 member cities of the Iowa League of Cities, thank you for the opportunity to offer comments regarding the Iowa Public Employees' Retirement System (IPERS).

- Iowa's cities want to ensure the integrity and long-term sustainability of IPERS.
- IPERS should remain a strong tool to recruit and retain a high quality workforce. The League believes that it is incredibly important to preserve this benefit for the hard-working employees of our cities.
- IPERS is truly a partnership between the employee and the employer. Funding for the system is appropriately balanced with the employer paying 60 percent and the employee paying 40 percent. This is a valuable aspect of the system that should be preserved.
- Dramatic investment losses, demographic trends and rates that have not kept up with actuarial predictions, have created a system with an emerging long-term funding problem. This problem should be addressed as soon as possible with a balanced approach, to avoid further losses to the system.
- The IPERS Benefits Advisory Committee (BAC) proposal advocates increasing total contributions to 13.45% in July 2011; this would be a full 2% increase over the previous year in what will likely continue to be a difficult budget climate. Rates are now being increased incrementally at .5% percent a year to be better absorbed in the budgetary process. While consideration of a higher percentage increase should be part of the discussion, the League is concerned with a rapid 2% increase at a time when cities are facing serious fiscal challenges.
- Instead, the system must be fixed with a balanced approach, by looking at both the contribution and benefits sides of the equation. Rather than relying heavily on rapid contribution rate increases to address the unfunded actuarial liability, some changes to benefits should also be examined and implemented. The multiplier, currently set at 2% for each year of service up to 30 years, impacts the entire system, and has the most potential on the benefits side, to remedy the long-term funding problem.



The Iowa League of Cities serves as the unified voice of cities, providing advocacy, training and guidance to strengthen Iowa's communities. Contact us at 317 Sixth Avenue, Suite 800, Des Moines, IA 50309, (515) 244-7282 or visit us online at [www.iowaleague.org](http://www.iowaleague.org)

